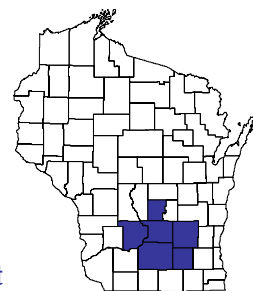


WORKFORCE OBSERVATIONS

for the South Central Wisconsin counties
Columbia, Dane, Dodge, Jefferson, Marquette and Sauk



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Quick notes:

- > Total Personal Income for South Central WI was \$26.1 billion in 2004.
- > Dane County residents accounted for two-thirds of that total income.
- > Starting from a low base, Marquette County's proportional income growth rate was fast over the last 5 years.
- > Certain types of manufacturing posted income losses in recent years, restraining income growth in Dodge and Jefferson counties.
- > June unemployment rates rose because so many students and other seasonal workers entered the labor force.

A Tale of Six Counties: Income Figures Show Commonalities, Differences

According to the U.S. Department of Commerce's Bureau of Economic Analysis, residents of South Central Wisconsin counties reported over \$26.1 billion in personal income. Dane County residents reported over \$17.4 billion or two-thirds of the region's total income. This ratio has been fairly stable over the last five years. Between 2003 and 2004, the region's total personal income grew 6.6 percent, slightly higher than the statewide rate (5.5%) and the national rate (6.0%).

Per Capita Personal Income (PCPI) for South Central Wisconsin was \$35,075 in 2004, up 5.4 percent from 2003. Dane was the only county with PCPI above the regional average. Between 2003 and 2004, individual counties' PCPI growth rates generally tended to be rather close to the overall regional rate. In 2004, Marquette County PCPI (\$23,512) was the lowest of any county in the region and its 1-year growth rate (4.4 percent) was the second-lowest. Over a 5-year period (1999-2004), Marquette County's PCPI

Personal Income for South Central Wisconsin Counties						
	Total Personal Income (x1000) 2004	Per Capita Personal Income		Percent Change		2004 Rank
		2004	2003	2003-04	1999-04	
Wisconsin	\$177,026,243	\$32,166	\$30,664	4.9%	18.5%	
Metropolitan Wis.	\$135,269,947	\$34,002	\$32,516	4.6%	18.2%	
Non-metro Wis.	\$41,756,296	\$27,378	\$25,840	6.0%	19.6%	
Columbia	\$1,788,943	\$32,626	\$31,285	4.3%	19.5%	11
Dane	\$17,418,943	\$38,448	\$36,487	5.4%	22.7%	3
Dodge	\$2,419,967	\$27,527	\$26,119	5.4%	16.4%	36
Jefferson	\$2,427,501	\$31,000	\$29,253	6.0%	16.8%	19
Marquette	\$353,005	\$23,512	\$22,519	4.4%	29.0%	66
Sauk	\$1,765,134	\$30,919	\$29,070	6.4%	23.7%	20
South Central	\$26,173,493	\$35,075	\$33,269	5.4%	21.7%	

Source: US Dept. of Commerce, Bureau of Economic Analysis, May 2006

These figures report income by place of residence, so cross-county commuters contribute income to their home counties, not their workplace counties. Columbia County residents working outside the county earn \$445 million more than residents of other counties working in Columbia County, so commuting adds to the county's income. In contrast Dane County lost \$1.2 billion to commuters from other counties, even after accounting for Dane County residents who worked outside the county.

growth of 29.0 percent beat every other South Central Wisconsin county's proportional growth. The low starting point (PCPI of \$18,230 in 1999) puts the fast proportional growth in context.

Looking at income figures from 1999 to 2004, Dodge County suffered declines in fabricated metal manufacturing and machinery manufacturing, while Jefferson County suffered declines in food manufacturing, computer & electronic equipment manufacturing and printing.

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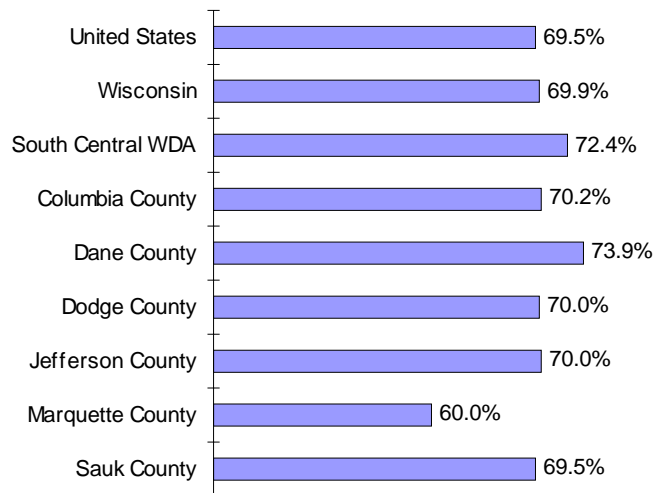
or find more labor market information at

<http://dwd.wisconsin.gov/oea>

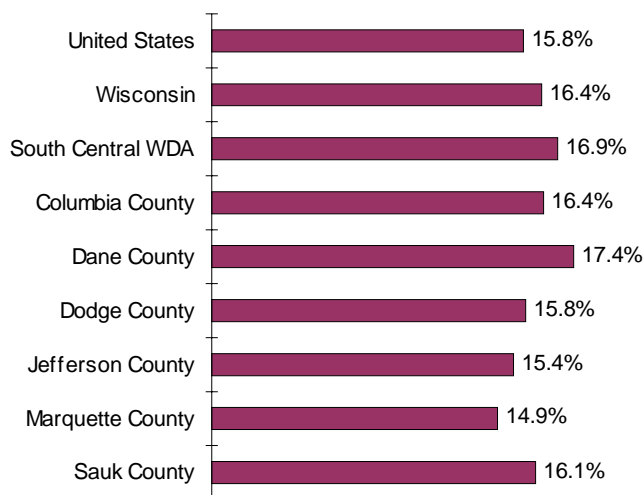
After asking how high income levels are and how much income has grown, it is instructive to ask where the income came from. The first category of income this newsletter will examine is net earnings, which is typically associated with employment or proprietorship. The graph to the right shows that, at the extremes, high-income places like Dane County tend to derive a high share of income from net earnings while lower-income areas, like Marquette County derive a lower share of income from net earnings. The other South Central Wisconsin counties tend to derive about 69 to 70 percent of their income from net earnings, which is right in line with the statewide average (69.9 percent) and the national average (69.5 percent). Although workers and employers often rely on investment capital to make their work possible, the other two sources of income (investment income and transfer payments) would, in some sense, be impossible without net earnings.

Investment income consists of dividends interest and

Net earnings' share of total income



Investments' share of total income

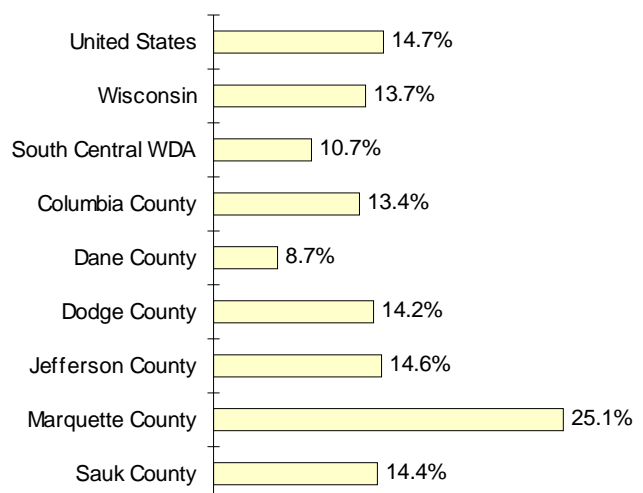


Transfer payments such as Social Security are subject to political winds and governments' fiscal constraints. As large numbers of baby boomers retire, areas with high concentrations of residents in that age cohort are likely to see some shift from net income toward transfers. Proposals to change formulas for transfer payments could have a more pronounced impact on areas like Marquette County that rely more heavily on those payments. Proposals to invest Social Security funds in private accounts would increase demand for investment assets, thereby raising asset prices to the benefit asset owners. Meanwhile, the pay-as-you-go model would make it challenging to maintain historically normal levels and increase rates for transfer payments like Social Security. If benefit cuts accompanied privatization, residents who rely more heavily on transfer payments could see their income stream dwindle while residents with income-generating assets see their get a boost.

rent, including most pensions (but not Social Security). Because Dane County's cost of living is relatively high for the region and Marquette County's cost of living is relatively low, Dane County may attract a greater share of residents who can afford to set money aside for investment.

Baby boomers have more income-generating assets than any previous generation. When they start liquidating their assets or spending down the principle, there is some question as to whether younger locals (particularly in rural areas) will acquire income-generating assets quickly enough to keep investment income going. Also, retirees who come to an area with paper assets may be more likely to move out than people who grew their assets locally or own bricks-and-mortar investments. This makes the savings and investment patterns of the younger generations all the more important.

Transfers' share of total income



As students and other seasonal workers enter the labor force in June, the labor force expands. At least some of these workers will look for work before starting work; this labor force expansion means a temporary increase in the unemployment rate in June, and this year was no different in that regard.

In **Columbia County** the unemployment rate remains below its typical level. Second quarter rates were not as far below typical as first quarter rates, but followed a trend that was roughly consistent with the third and fourth quarters of 2005.

In the first quarter of 2006, the unemployment rate in **Dane County** was further above its typical level than it had been in the previous three quarters. At 3.5 percent, this is still the lowest unemployment rate of any Wisconsin county.

In the **Madison Metropolitan Statistical Area** (which includes Columbia, Dane and Iowa counties) manufacturing employment estimates continue to grow faster and higher than they have in the last two years. Employment estimates for construction and for retail trade were lackluster in the second quarter of 2006. After a spot of springtime soggi-

ness, leisure & hospitality employment estimates seem to be warming up for the summer.

Dodge County's second quarter unemployment rates were further above their typical levels than first quarter rates were, but not as far above typical as third and fourth quarter rates were last year. Retail & wholesale trade employment estimates usually bounce back after the post-holiday slump; less so this spring and summer than the previous two. Manufacturing employment estimates did not rise in the second quarter as they usually do, but they remained well above their year-ago levels. After three quarters below levels from one year ago and levels from two years ago, transportation, warehousing & utilities employment estimates finally poked above year-ago levels and remain just below levels from two years ago.

In **Jefferson County**, unemployment rates have been above their typical levels by relatively consistent margins. Since January, information, professional & business services and other services employment estimates have been slowly gaining ground over their year-ago levels. In broad terms, most other sectors'

employment estimates are consistent with year-ago trends.

The unemployment rate in **Marquette County** remains below its typical level, but less so than it was in the first quarter. The current margin is more consistent with the fourth quarter of 2005. Second quarter construction employment estimates did not pick up nearly as much steam in 2006 as they had in 2005 or 2004; indeed they remain below their levels from 2005 and 2004.

Although it had been below its typical level in the first quarter of 2006, **Sauk County's** unemployment rate was above its typical level in the second quarter of 2006 by margins relatively consistent with the third and fourth quarter of 2005. Education & health services employment estimates rose to their highest point in the last three years and the growth appears to be fairly steady. Leisure & hospitality employment estimates were below their year-ago levels in the first quarter and were further below their year-ago levels in the second quarter. The spring and summer hiring in that sector is still quite sharp, just not quite as sharp as it was last year or the year before.

Southwest Wisconsin Unemployment Rates: Typical and Actual (not seasonally adjusted)

		Jun 2005	Jul 2005	Aug 2005	Sep 2005	Oct 2005	Nov 2005	Dec 2005	Jan 2006	Feb 2006	Mar 2006	Apr 2006	May 2006	Jun 2006
Columbia County	Actual	4.2%	3.9%	3.7%	3.5%	3.6%	4.4%	4.7%	5.2%	5.9%	5.5%	4.9%	4.2%	4.3%
	Typical	4.8%	4.1%	3.9%	3.7%	3.8%	4.8%	5.1%	6.6%	7.0%	6.9%	5.5%	4.6%	4.8%
	Difference	- 0.6%	- 0.2%	- 0.2%	- 0.2%	- 0.2%	- 0.4%	- 0.4%	- 1.4%	- 1.1%	- 1.4%	- 0.6%	- 0.4%	- 0.5%
Dane County	Actual	3.5%	3.2%	2.9%	2.8%	2.6%	2.9%	2.7%	3.1%	3.6%	3.4%	3.3%	3.2%	3.5%
	Typical	2.6%	2.3%	2.2%	2.0%	1.9%	2.0%	2.0%	2.6%	2.8%	2.8%	2.3%	2.2%	2.6%
	Difference	0.9%	0.9%	0.7%	0.8%	0.7%	0.9%	0.7%	0.5%	0.8%	0.6%	1.0%	1.0%	0.9%
Dodge County	Actual	5.2%	4.8%	4.6%	4.2%	4.0%	4.5%	4.6%	5.1%	5.9%	5.6%	4.9%	4.7%	5.2%
	Typical	4.5%	4.3%	4.0%	3.4%	3.5%	3.8%	3.8%	4.9%	5.5%	5.4%	4.4%	4.0%	4.5%
	Difference	0.7%	0.5%	0.6%	0.8%	0.5%	0.7%	0.8%	0.2%	0.4%	0.2%	0.5%	0.7%	0.7%
Jefferson County	Actual	4.4%	4.1%	3.7%	3.6%	3.3%	3.8%	4.2%	4.6%	5.4%	5.2%	4.5%	4.4%	4.4%
	Typical	4.1%	3.7%	3.5%	3.3%	3.1%	3.3%	3.5%	4.6%	5.0%	4.9%	4.1%	3.7%	4.1%
	Difference	0.3%	0.4%	0.2%	0.3%	0.2%	0.5%	0.7%	0.0%	0.4%	0.3%	0.4%	0.7%	0.3%
Marquette County	Actual	5.7%	5.2%	4.8%	4.5%	4.5%	5.5%	6.2%	7.1%	8.0%	7.6%	6.3%	5.5%	5.6%
	Typical	6.0%	4.9%	4.7%	4.4%	4.8%	6.3%	7.2%	9.3%	9.8%	9.5%	7.4%	5.9%	6.0%
	Difference	- 0.3%	0.3%	0.1%	0.1%	- 0.3%	- 0.8%	- 1.0%	- 2.2%	- 1.8%	- 1.9%	- 1.1%	- 0.4%	- 0.4%
Sauk County	Actual	4.0%	3.7%	3.4%	3.4%	3.5%	4.1%	4.7%	5.1%	5.9%	5.5%	4.8%	4.2%	4.3%
	Typical	3.9%	3.4%	3.3%	3.2%	3.3%	4.0%	4.5%	5.8%	6.3%	6.1%	4.7%	3.8%	3.9%
	Difference	0.1%	0.3%	0.1%	0.2%	0.2%	0.1%	0.2%	- 0.7%	- 0.4%	- 0.6%	0.1%	0.4%	0.4%

** Includes labor force participants residing in area. Estimates are **NOT** seasonally adjusted. Current month estimates are preliminary and subject to revision. Numbers 2,000 and greater are rounded to nearest 100. Numbers under 2,000 are rounded to nearest 10. Sub-units may not add to totals due to rounding. Calculations are based on unrounded numbers. Results are rounded. For more information call (608) 242-4885 or email dan.barroilhet@dwd.state.wi.us.

South Central Wisconsin Employment-by-Industry Estimates - not seasonally adjusted

	Wisconsin			Madison MSA Includes Columbia, Dane & Iowa counties		
	Apr-Jun 2006 average	Change from Apr-Jun 2005	Change from Apr-Jun 2005	Apr-Jun 2006 average	Change from Apr-Jun 2005	Change from Apr-Jun 2005
Total jobs, all industries*	2,884,400	0	1.1%	350,700	0	2.2%
Const., min'g & nat. resources	141,300	0	3.8%	17,300	- 130	- 0.8%
Manufacturing	506,200	770	0.2%	34,100	1,970	6.1%
Trade (w wholesale & retail)	430,500	- 500	- 0.1%	50,100	- 900	- 1.8%
Transport, Wrhsing, Utilities	106,800	- 2,400	- 2.2%	8,600	70	0.8%
Financial activities	159,200	- 330	- 0.2%	28,900	- 270	- 0.9%
Education & health services	396,500	0	3.4%	35,300	870	2.5%
Leisure & hospitality	268,100	0	2.9%	31,000	370	1.2%
Info, prof, bus. & other srvcs	454,200	0	1.2%	63,800	0	6.3%
Government	421,600	1,370	0.3%	81,600	1,630	2.0%
	Dodge			Jefferson		
	Apr-Jun 2006 average	Change from Apr-Jun 2005	Change from Apr-Jun 2005	Apr-Jun 2006 average	Change from Apr-Jun 2005	Change from Apr-Jun 2005
Total jobs, all industries*	35,900	520	1.5%	37,900	650	1.7%
Const., min'g & nat. resources	2,500	20	0.8%	1,820	120	7.2%
Manufacturing	11,000	350	3.2%	10,400	- 10	- 0.1%
Trade (w wholesale & retail)	4,500	- 40	- 0.9%	6,300	100	1.6%
Transport, Wrhsing, Utilities	920	10	0.6%	1,250	20	1.8%
Financial activities	870	20	2.7%	1,000	20	2.5%
Education & health services	4,500	70	1.6%	4,100	- 70	- 1.7%
Leisure & hospitality	2,400	- 70	- 2.8%	3,300	- 20	- 0.5%
Info, prof, bus. & other srvcs	3,700	100	2.8%	5,300	220	4.3%
Government	5,600	60	1.0%	4,500	270	6.3%
	Marquette			Sauk		
	Apr-Jun 2006 average	Change from Apr-Jun 2005	Change from Apr-Jun 2005	Apr-Jun 2006 average	Change from Apr-Jun 2005	Change from Apr-Jun 2005
Total jobs, all industries*	4,100	- 10	- 0.2%	38,100	460	1.2%
Const., min'g & nat. resources	160	- 50	- 23.9%	2,400	150	6.7%
Manufacturing	1,260	10	0.6%	7,100	290	4.3%
Trade (w wholesale & retail)	500	10	1.7%	6,200	- 150	- 2.3%
Transport, Wrhsing, Utilities	50	0	1.3%	720	10	1.9%
Financial activities	140	10	4.9%	1,930	70	3.9%
Education & health services	310	0	0.4%	3,700	160	4.4%
Leisure & hospitality	470	0	0.4%	7,200	- 610	- 7.8%
Info, prof, bus. & other srvcs	430	30	7.9%	3,000	- 130	- 4.2%
Government	800	- 10	- 1.8%	5,900	660	12.6%

*Includes jobs with employers in area. Estimates are NOT seasonally adjusted. Current month estimates are preliminary and subject to revision.
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